

Message Text

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70

ORIGIN NEA-16

INFO OCT-01 EUR-25 ISO-00 EB-11 INRE-00 NSCE-00 SSO-00

AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00

FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01

PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

FEA-02 PA-04 PRS-01 USIE-00 /174 R

DRAFTED BY NEA/ARP:GQLUMSDENJR

APPROVED BY NEA:ALATHERTONJR

EB/ORF/FSE:MR. BOSWORTH

EB/ORF/FSE:MR. CREEKMORE

NEA/ARP:BWRAMPMEIER

NEA:SSOBER

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FM SECSTATE WASHDC

TO AMEMBASSY ABU DHABI IMMEDIATE

INFO AMEMBASSY BRUSSELS IMMEDIATE

C O N F I D E N T I A L STATE 146155

E.O. 11652: GDS

TAGS: ENRG PFOR TC US

SUBJECT: DEMARCHE ON OIL PRICES

REF: STATE 145989

FOR THE AMBASSADOR

BRUSSELS FOR MARKS PASS KATZ

1. ALTHOUGH WE HOPE YOU WILL FIND EARLY OPPORTUNITY TO
DISCUSS OIL PRICES WITH UAE AND ABU DHABI OFFICIALS, WE
WOULD NOT WISH YOUR VERY FIRST OFFICIAL DEMARCHE TO THEM
UNDER INSTRUCTIONS TO FOCUS SOLELY ON TALKING POINTS IN
REFTEL PARA 4.

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2. KEEPING IN MIND THAT THIS WILL BE FIRST INSTANCE OF OUR RESIDENT AMBASSADOR'S BRINGING UP SO IMPORTANT A MATTER, WE WANT YOU TO STRESS WITH SHAYKH ZAYID, SHAYKH TAHNOUN, OTAIBA AND OTHER OFFICIALS THAT OUR PRIMARY GOAL IS MUTUALLY BENEFICIAL FUTURE COOPERATION WITH THEM IN BROAD RANGE OF ENERGY MATTERS. WHILE QUESTION OF STABLE SUPPLY AT REASONABLE PRICES IS OF COURSE CRUCIAL, WE WOULD NOT REPEAT NOT WISH YOU DURING YOUR INITIAL OIL TALKS TO BELABOR OUR OBJECTIONS TO TWO PER CENT INCREASE TO POINT WHERE THIS MIGHT ADVERSELY AFFECT ATMOSPHERE OF WHAT WILL UNDOUBTEDLY BE NUMEROUS FUTURE DISCUSSIONS OF THIS SUBJECT.

3. YOUR INSTRUCTIONS ARE THUS AMENDED. REFTEL PARA 4 TALKING POINTS ARE TO BE CONSIDERED FOR YOUR BACKGROUND USE. IN YOUR DISCUSSIONS WITH UAE AND ABU DHABI OFFICIALS, YOU SHOULD LAY PRIMARY STRESS ON COMMUNITY OF INTERESTS BETWEEN OIL PRODUCERS AND CONSUMERS (STABLE MONEY MARKETS, ANTIINFLATION PROGRAMS, AVAILABILITY OF EQUIPMENT AND TECHNOLOGY FOR INDUSTRIAL AND SOCIAL DEVELOPMENT, ETC.) RATHER THAN ON TWO PER CENT PRICE INCREASE BY ITSELF. YOU SHOULD POINT OUT OUR MAJOR CONCERN OVER HIGH OIL PRICES IN GENERAL, AND OUR BELIEF THAT THE CURRENT TWO PER CENT INCREASE IS UNWARRANTED. HOWEVER, WE WANT YOU TO TAKE A BALANCED APPROACH HIGHLIGHTING POSITIVE ELEMENTS WHICH WE BELIEVE MORE LIKELY TO PRODUCE BENEFICIAL RESULTS--ESPECIALLY IN LIGHT OF OUR DEMONSTRATED DESIRE FOR FRIENDLY COOPERATION WITH LOWER GULF STATES.

4. FYI OIL PRICE DEMARCHES ALONG GENERAL LINES NOTED REFTEL WILL ALSO BE MADE BY OUR AMBASSADORS AT OTHER OPEC CAPITALS DURING COMING FEW DAYS. END FYI. SISCO

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NNN

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*** Current Classification *** CONFIDENTIAL

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